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[SECOND EDITION.]

GRAND TRUNK RAILWAY OF CANADA.

ADDRESS

TO THE

BOND AND STOCKHOLDERS,

WITH

INTRODUCTION AND APPENDIX,

INCLUDING THE CELEBRATED PAMPHLET,

"A FEW REASONS WHY THE GRAND TRUNK RAILWAY
DOES NOT PAY."

AND A LETTER TO

THOMAS BARING, ESQ., M.P.

BY

JOSEPH NELSON.

LONDON:

ABBOTT, BARTON, AND CO., 269, STRAND.

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up the question of advocating an Imperial guarantee for the amount of 3,000,000 sterling for the construction of the Intercolonial Railway, and which I carried to a successful conclusion in 1863, and Mr. Gladstone did me the honour to inform a prominent member of the House of Commons that it was the result of work—which I performed—which led the Government to agree to recommend Parliament to give the guarantee as based upon the Treasury minute of 1863.

“Confederation (in the words of Lord Durham) without the Intercolonial Railway was practically impossible; with it, would be absolutely necessary.” The construction of the Intercolonial Railway, therefore, having been secured by me, all other questions of Confederation were simply matters of detail. It took the Provinces some time, however, to arrange these matters of detail, but in 1867 they were so far completed that they sent delegates to England who took up the railway at the point to which I had brought it, and the whole measure was passed through Parliament “as a matter of course.” Then commenced a prolific distribution of honours by the Crown, in the form of Baronetcies, Knighthoods, K.C.B.’s, and C.B.’s, to certain English and Canadian gentlemen, for services rendered to “Confederation and the Intercolonial Railway.” And in Canada the patronage was carried to such an extent that the two men who caused the downfall of the Commercial Bank of Canada—viz., G. J. Brydges and C. S. Ross—were rewarded by one being made a Commissioner and the other Secretary and Treasurer to the Intercolonial Railway. But I, who had devoted five years of the best portion of my life and expended £10,000 in carrying the Intercolonial Railway guarantee to a successful conclusion, have been refused even a hearing, because, in the words of three members of the Government, I have “ventured to tell the truth about the Grand Trunk Railway.” But fortunately I do not stand alone as the victim of ingratitude, for the Chairman of the Intercolonial Railway Commissioners, addressing a public meeting in Canada on the 18th day of January last, announced the following as their policy towards the manufac-

turers and working-classes of England, who had just lent Canada £3,000,000 wherewith to build the railway :—

“He would venture to say for his brother commissioners as for himself that their only object was to build the cheapest and best road, and he would mention one item in which the determination they had come to would effect a large saving of expense—viz., by building their bridges of wood instead of iron. He thought their determination would generally be accepted as the correct one, ESPECIALLY WHEN THEY REFLECTED THAT ITS END WOULD BE TO SUPPLY THE MATERIAL AND THE LABOUR, AND KEEP THE COST OF THESE IN THE COUNTRY, IN PLACE OF PAYING ENGLAND FOR ENGLISH PRODUCE TO THE LOSS OF THE ADVANTAGES THEY HAD THUS AGREED UPON RETAINING.”—(Hear, hear.) N.B.—If proprietors would but carefully consider this statement, they must see that a Government which is so unjust to the labourers of England is not likely to be generous to the Grand Trunk Railway.

Other gentlemen who have known me for many years as one of the most active promoters of everything which could tend to the success of the Grand Trunk, have asked the question—“How I came to take up a position hostile to the present managers?” My answer, I hope, will be considered both satisfactory and conclusive. In the summer of 1867 I went to Canada, and, amongst other things, to prefer my claim for compensation in regard to the Intercolonial Railway, “but previous to my departure, Mr. Watkin informed me that it had been his intention to propose me as secretary to a commission which was about to proceed to Canada upon the business of the Grand Trunk.” After devoting some time to an exploration of the north-west territory, and examining and reporting upon a railway in the United States, I returned to Canada in the autumn of 1867, and made a thorough examination of the Grand Trunk, the result of which I at once committed to paper, for the purpose of comparison with the report of Captain Tyler and Mr. Eborall, which I knew would soon appear; and in the winter I wrote a letter to a gentle-

man in London which I marked "private and confidential," showing how in one matter alone—viz., that of contracts—a sum of not less than £60,000 a year could be saved to the Grand Trunk Company in Canada. That letter, by some improper means, was laid hold of by the Grand Trunk officials in London, and by them transmitted to Mr. Brydges, shortly after the Grand Trunk meeting in April, 1868. On the 19th of May I went to Montreal for the special purpose of laying before Mr. Brydges some charges of alleged gross irregularity by the Grand Trunk officials. I was desired to repeat the statement in the presence of Mr. Hickson, and I did so. I was then told by Mr. Brydges that an action for libel would be commenced against me, and to my surprise he produced my PRIVATE AND CONFIDENTIAL letter to the gentleman in London, and upon the strength of it charged me with getting up the opposition in London which had so nearly deprived him of office. He and Mr. Hickson then requested that I would put my statement in writing. I went to my hotel and did so, and then transmitted it to Mr. Brydges, with this request:—

"In conclusion, I concur with you that the matter is not one which can rest here, and let me suggest that Mr. Hickson accompany me to Toronto at once. Bickford is there, and several of the gentlemen whose evidence I consider it indispensable you should have. I desire to return to Toronto this evening, and therefore will feel much obliged by your early reply."

The early reply was an action for ten thousand dollars damages for libel.

J. N.

4 December, 1869.

TO THE
BOND AND STOCKHOLDERS OF THE GRAND
TRUNK RAILWAY OF CANADA.

GENTLEMEN,

During a residence of nearly twelve months in Canada, from the summer of 1867 to 1868, I devoted the greatest portion of my time to a thorough examination of the condition and management of the Grand Trunk Railway, and I embodied the result of my experience in a pamphlet which was published in July, 1868, entitled, *A Few Reasons why the Grand Trunk Railway of Canada Does Not Pay*, the substance of which pamphlet I had communicated both personally and by letter to Mr. Brydges some months previously, and immediately afterwards had been rewarded by him with an action for 10,000 dollars damages for libel.

In now addressing you I will take—

1st. A brief review of the proceedings of last year.

2nd. The present position of matters, and the

3rd. Future prospects of the Grand Trunk Railway.

First. The immediate circulation of my pamphlet was confined to a copy sent to each of the railway managers in Canada, including Mr. Brydges, and a few copies sent to London, owing to a representation made to me that a radical change in the London Board and management in Canada had been determined on. In the month of October I learnt that there was no such change intended, and I forthwith sent a copy of the pamphlet to the *Toronto Globe*, in which it appeared in full, and, I need scarcely say, was read by the whole English-speaking population of the Dominion, and I received the warmest commendations from the independent press and people for having exposed in a practical form

the true condition, corruption, and gross mismanagement of the Grand Trunk Railway.

Shortly after its publication some of the officials addressed a threatening letter to the proprietors of the *Globe*, alleging that some of the statements contained in the pamphlet were libellous, but they did not venture to proceed further although challenged to do so, but they forthwith resorted to proceedings against myself of a character unparalleled.

A few weeks previously I had been applied to by a man named Gray to sell coal for me in Canada, and I consented that he should do so, and forthwith proceeded to send him seven cargoes of the aggregate value of £2,000; I also sent him £350, wherewith to pay a portion of the freight. Gray not only embezzled the money sent, but refused to give up the coal or render me any account. I at once discovered from Gray's statements that I had fallen into a trap, for I ascertained that Gray was in the secret service of the Grand Trunk, and had been for some years. I at once applied to the Court of Chancery, and obtained an injunction against Gray restraining him from further dealing with my property, and also an order from the Chancellor, requiring him to pay over the money in hand or stand committed. I had no sooner obtained this than Hickson, the Treasurer of the Grand Trunk, and Wainwright Brydges, Secretary, came to Toronto, had a meeting with Gray, and a few days afterwards the Grand Trunk Solicitor caused me to be arrested upon a warrant charging me with fraud towards a Mr. Bonnell. The information upon which the warrant was granted was a concoction of the vilest perjury, and within three days the Grand Trunk Solicitor—to avoid the consequences of an indictment for conspiracy and malicious arrest—was compelled to read in open court a written apology to me for the outrage which had been committed. The following is a copy of the apology:—

“TORONTO, Nov. 20, 1868.

“*Re* BONNELL AND NELSON.

“After making due enquiry into the circumstances connected with the purchase of coal by Mr. Joseph Nelson from Mr. Samuel Bonnell, jun., of New York, and which was the subject of a charge preferred against Mr. Nelson in the Toronto Police Court on the 18th day of November, instant; I, as the agent of Mr. Bonnell, am satisfied that Mr. Nelson acted in good faith, and was not in any way open to any imputation or charge of fraud in respect of such transaction.

“And I now, in the fullest and amplest manner, withdraw the charge which has been made against Mr. Nelson, and which never would have been made if I had properly understood the position of

matters. I believe that Mr. Nelson intended this coal for the department of Public Works.

"I now express my regret that such misunderstanding arose, and that the charge was made against Mr. Nelson.

"E GULAGER.

"Witness—A. W. LAUDER, Attorney for S. Bonnell."

Mr. Lauder is the Toronto Solicitor of the Grand Trunk, and agent of Mr. John Bell, the Solicitor of the Grand Trunk Railway at Bellville. Mr. Bell accompanied Mr. Lauder to the police-court; but their purpose for the time had been served, for they had caused my arrest to be telegraphed to every newspaper in Canada and the United States. The following is a copy of the telegram :—

"TORONTO, Nov. 19.

"A man named Joseph Nelson, who lately obtained considerable notoriety by bringing extraordinary charges against Mr. Brydges, Manager of the Grand Trunk Railway, was arrested here at the instance of parties from New York, on a charge of fraudulently representing himself as agent of the Canadian Government, and obtaining a large quantity of coal."*

This proceeding was no sooner ended than Mr. Bell, the other solicitor of the Grand Trunk Railway, announced that he was instructed to file a criminal information against me for libel, but this was abandoned in favour of the following:—The man Gray, then under the judgment of the Court of Chancery, swore an information against me that I had obtained the return of one of my own cargoes of coal from him by fraud, and I was again arrested on a warrant and taken to the police-office, but again released upon my personal recognisance. This charge was, through various pretexts, kept before the court for more than six weeks, Gray attempting to sustain it by the vilest perjury on the part of himself and his witnesses. At a time when every one was expecting to hear the magistrate stop the case, Brydges came to Toronto, saw Gray and others, and then he, Brydges, caused me to be served with another writ at the suit of the Storekeeper for 4,000 dollars damages for libel, and then returned to Montreal. On the 19th of December the evidence in Gray's case was closed, and the magistrate announced that he would give his decision on a future day.

* "They little thought that day of pain,
When launched as on the lightning's flash,
They bade me to destruction dash,
That one day I should come again."—*Mazeppa*.

Weary and in ill-health from the treatment to which I had been subjected during the last six weeks, I went home to Cleveland to spend a few days during Christmas, and whilst there read a report of the banquet given to Brydges in Montreal on the 22nd of December, when, after speaking about "Peace on earth and good will towards men," and "God's truth," and "English fair play," he triumphantly pointed to Gray's charge as his, Brydges', answer to my pamphlet.

"Mr. Mayor, I do not wish, upon an occasion like the present, to cast reflections upon any one, and I really feel that I should be able to get on a great deal better if somebody would contradict me. (Cheers and laughter.) It is excessively embarrassing to feel that your audience is so entirely with you; it is, as it were, wasting powder in demolishing unseen enemies. But I cannot, although I do not desire to say a word which would in any way appear to be unkind or ungenerous, forbear to state the fact that one of those men who, I admit, disdaining the anonymous pen, placed his name to a pamphlet which was circulated a fortnight after I had left this country, but which, to my knowledge, was in print two months before I set sail, and whose author dare not bring it forward whilst I was here to answer it. I say I do not think it is wrong for me to say that the very paper in Western Canada, an influential paper, which used that pamphlet when my back was turned as a means of injuring me with my constituents, has had within the last few days to spread before its readers, in its own columns, statements made on oath before the Police Magistrate at Toronto, charging the author of the pamphlet with obtaining money under false pretences. (Loud cheers.)" — *Extract from an Official Report of Mr. Brydges' Speech delivered at the Montreal Banquet, 22nd Dec. 1868.*

To the astonishment of those unacquainted with Grand Trunk proceedings, the magistrate, on the 5th of January, decided to send Gray's charge against me for trial at the assizes; and on the following day the chief organ of the Grand Trunk Railway in Canada commented on the case as follows:—

"THE IMPEACHER IMPEACHED.

" 'How are the mighty fallen!' Mr. Joseph Nelson, the compiler of a pamphlet, published in full in the columns of a contemporary, filled with villainous charges against the Managing Director of the Grand Trunk Railway Company and a number of the officials, was yesterday found guilty by the police magistrate of intent to defraud. The impeacher stands himself impeached. The man who made reckless assertions of fraud and corruption against his betters is declared by one of our judges to have committed an act which must exclude him from all decent society, if there is any such still left him. The matter, as we understand it, is briefly this:—Mr. Thomas Gray purchased a cargo of coal from this Mr. Joseph Nelson. worth, as subsequently appeared,

some 1,723 dollars, paying him therefor with his note. Mr. Nelson represented that he could not get this note discounted, and upon the strength of this profession obtained from Mr. Gray a warehouse receipt to be used as collateral security. Instead of using the warehouse receipt in connection with Mr. Gray's note, Mr. Nelson attached to it one of his own, which he had discounted *as well as Mr. Gray's note to him*. By this means he obtained discounts to the amount of over 3,000 dollars. Mr. Gray charged that the warehouse receipt was fraudulently obtained from him, and the police magistrate has sustained the charge by deciding that there is *primâ facie* evidence of guilt, and by sending the case to a higher court. Mr. Nelson did not appear yesterday, his lawyer pleading illness on his behalf. Time has been extended to the 19th inst. before estreating his bail, should he not appear; and those who are acquainted with Mr. Nelson's movements say that it is not at all likely he will ever return to Toronto.

"Thus has Mr. Brydges' latest accuser been brought to grief. In his person we have another and striking instance of the character of the men by whom the Managing Director of the Grand Trunk is steadily maligned. How does the *Globe* like its latest *protégé*? How is it pleased with the character which the law has given of its new-found witness against Mr. Brydges? Although there is truth in the adage that 'birds of a feather flock together,' we shall charitably entertain the hope that the *Globe* people are not themselves as bad as their disappointed and ridiculous ally."

Compare the foregoing article and Mr. Brydges' speech—written and delivered whilst a criminal charge was pending against me—with the proceedings before Vice-Chancellor James, on the 2nd Oct. last, on an application to commit the publisher of the *Times* for having commented truly upon the state of the European Assurance pending judicial proceedings.

Every other Grand Trunk organ throughout the Dominion followed in an equally violent strain. On receipt of the news I telegraphed to my solicitors in Toronto that I would come over at once to meet the charge, and forthwith proceeded to do so, although I had received several anonymous letters, some threatening and others warning me not to return; and as an illustration of the dangers which beset me, one of my dearest friends met me in Buffalo and entreated me not to return to Canada, for, said he, "*the conspiracy is so powerful it will result in either your conviction or assassination.*" I returned notwithstanding. The case came on for trial at the assizes in Toronto, on the 15th of January (see report of the trial in Appendix). The prosecution was conducted by some of the ablest counsel in the Dominion, but the prosecutor had to admit on his oath that he had purposely committed perjury in seven distinct cases to defeat my Bill in Chancery, that he had embezzled my money

and advised others to do the same, that he had sent false telegrams to me and had advised others to do so, that he had lied to my bankers, with the object of getting in all the money he could, that he had lied for a purpose, he had lied in defence, but that where he could not get anything he did not lie. That he had resided at Hamilton twenty years, was known there as the "Artful Dodger," that he had mortgaged certain property six times over by representing it as his own, when, in fact, it was his father's. The judge, of course, at once stopped the case. I had many of the most respectable and esteemed gentlemen in Hamilton in court, prepared to swear that they would not believe Gray upon his oath (and yet Gray was the man who got up the banquet to Brydges in Hamilton shortly before the latter retired from the Great Western Railway of Canada).

Within a few days after the above-mentioned trial Brydges gave Gray a contract on the Grand Trunk Railway to the amount of about 10,000 dollars for work which the Northern Railway of Canada get done for about half that sum, and by this means Gray was enabled to carry on his vexatious defence against my suit in the Court of Chancery, and also in an action at common law on a bill of exchange. I subsequently obtained final judgment against him in both cases, and then Gray went through the Insolvent Court, and deprived me thereby of all benefit. In the meantime I had made it publicly known that it was not my intention to leave Canada until I had successfully disposed of all the proceedings of the Grand Trunk Railway officials against me, and I made all preparation for defending the second action brought against me by the Storekeeper, and in doing so obtained the most conclusive proofs in vindication of all I had written, *and a great deal more.*

After allowing two terms to pass, and after putting me to costs amounting to £1,000, and the loss of all my property in the hands of Gray, the solicitors of the Grand Trunk Railway in April last informed my solicitors that it was not their intention to take any further proceedings against me.

Such is a brief statement of the treatment to which I was subjected by Mr. Brydges and his subordinate officials in the Grand Trunk Railway of Canada for having dared to publish what every intelligent man in Canada knew to be substantially true and capable of proof to the Proprietors in England, and yet in the face of all the foregoing facts, which are on record, Mr. Brydges has the boldness to write, and the

Directors to publish, the following paragraph in a letter to Mr. Creak, dated the 29th May last:—

“Mr. Nelson has no property or place of residence in Canada, and could only be prosecuted criminally, which the law officers of the Crown strongly advised against, knowing the difficulty of getting a jury to convict a private person at the suit of the corporation. The sworn affidavits in the London office prove the entire honesty of the storekeepers, and the utter worthlessness of Nelson’s statements.”

On my return to England I wrote to the Directors as follows:—

(Copy.)

“2, WESTMINSTER CHAMBERS,
“16th August, 1869.

“SIR,—On my recent return from Canada my attention was called to the following paragraph in a letter from Mr. Brydges to Mr. Creak, on the 29th of May last, and published in the railway papers by order of your Directors.

“‘Mr. Nelson has no property or place of residence in Canada, and could only be prosecuted criminally, which the law officers of the Crown strongly advised against, knowing the difficulty of getting a jury to convict a private person at the suit of the corporation. The sworn affidavits in the London office prove the entire honesty of the storekeepers and the utter worthlessness of Nelson’s statements.’

“Having resided for the last nine months in Canada, and had considerable property there, and having been put to 1,000*l.* costs in demolishing two civil and two criminal suits brought against me by the officials of the Grand Trunk Railway there, I read Mr. Brydges’ letter with some astonishment, and am anxious to see what is said in the affidavits referred to, especially as they (the Grand Trunk officials), in the opinion of the Canadian people, utterly failed in impugning anything which I had written about the Grand Trunk management, or my veracity or honesty in any particular.

“As I feel bound to answer this statement of Mr. Brydges, will you please ask your Board to permit me to read and take copies of the affidavits referred to?

“I am, sir,

“Your most obedient servant,

“JOSEPH NELSON.”

“J. M. Grant, Esq.,

“G. T. Railway,

“21, Old Broad-street, E.C.”

And received the following reply:—

“OFFICES OF THE GRAND TRUNK RAILWAY COMPANY OF CANADA,

“21, OLD BROAD-STREET, LONDON, E.C.,

“18th August, 1869.

“SIR,—Having laid your letter of the 16th before the Board, I am directed to inform you that they must decline any communication with

you, leaving you to take such course as you think proper with respect to the subject to which you refer.

“I am, sir,

“Your most obedient servant,

“J. M. GRANT.”

“J. Nelson, Esq.,

“2, Westminster Chambers, S.W.”

The first statement in Brydges' letter as to my residence and property is in direct opposition to the facts, it will be seen, in both cases; and as to the second, what a reflection it is upon the Company, or upon the country, but the fact is undeniable that the Grand Trunk in Canada is so tainted with corruption and perjury that it is next to impossible for them to obtain a verdict in their favour; and as to the third statement, you, the Proprietors in England, are asked to believe affidavits containing evidence which the Company did not venture to submit to any court in Canada, and which the Directors refuse to produce for my inspection in London. In concluding this portion of my subject it will be seen that the Grand Trunk Managers tried to evade the main issue by raising one of personal disparagement, but in which they utterly failed.

I will now proceed to an examination of the explanations offered by Mr. Brydges at the last October meeting, and also to the more recent explanations offered to Mr. Creak in his letter to that gentleman of the 29th of May last. Mr. Brydges said, “He would state distinctly that there was not a single word of truth in the allegation that he was in any way connected with any Company supplying materials to the Grand Trunk, with the exception of the Kingston Iron Works, nor, to the best of his knowledge, was any officer connected with the Company.”

Now for the facts. It is notorious in Canada that Hickson, the Treasurer, was connected with the Car Wheel Works at Factory Montreal; Shackell with the Ferry Boats; Hannaford, the Engineer, with the Toronto Rolling Mill proprietors; and all the Western officers were engaged in the corn trade passing over the Grand Trunk Railway.

He further said, “That he could say with a fair conscience there was not an hour in the day when he was in Canada that was not devoted to the Grand Trunk. He had nothing whatever to distract his attention, and he could not give more than he did.”

Mr. Brydges has since accepted the position of Inter-colonial Railway Commissioner, which absorbs at least half

his time. Is half Mr. Brydges' time now worth to the Grand Trunk proprietors what his whole time formerly was?

He further said, "With regard to allegations that corruption existed among the officials, of course there were many people in Canada who would be glad to sell their goods to the Grand Trunk if they could, and who circulated scandals about the officials."

The fact is notorious in Canada (*vide* public press) that one of the favoured contractors of the Grand Trunk, who three years ago was a Yankee pedlar of fruit-trees, from Rochester, N.Y., is now a wealthy man in Toronto, after two years' dealings with the Grand Trunk Storekeeper, and has made an open boast of having acquired his wealth by obtaining overweight of old iron, and by paying heavy commissions to the Grand Trunk officers on the purchase and sale of materials; and Mr. Brydges has not ventured to submit the truth of this charge to any test by the parties, face to face, or in a court of law; the fact is also notorious that Messrs. Gzowski and Macpherson, Waddell and Pierce, Alfred Brown and Thomas Morland (the Auditor), who enjoy the monopoly of supplying materials, have grown enormously rich, while the Grand Trunk has grown poor.

And as to re-rolling rails, Mr. Brydges said, "The contract for rails was made three years before he became connected with the Company, and he had seen that it was properly carried out." And again, on the 29th of May, he said, "Old rails vary in price according to the markets in the United States, the prices ranging from 18 dollars to 25 dollars per ton. The charge for re-rolling at Toronto is 25 dollars 50 cents in gold."

The fact is, old rails have never been less than 23 dollars per ton in gold, in bond, in the United States for the last four years. So that every ton of re-rolled rails has cost the Company £10, many of which had to be taken up after a few days' wear. Until recently the best new rails were being delivered in Canada at £7 10s. per ton, and the contract with the Toronto Rolling Mill does not compel the Grand Trunk to re-roll a single rail.

Mr. Brydges further said, "The advertisements for tenders are scattered throughout Canada, and the lowest tender is always accepted."

Such is not the case as regards the supply of car wheels, coal, and general stores, nor as to the sale of old rails and

scrap iron, and, as I said in my pamphlet, I have seen letters from the Storekeeper to certain contractors, promising them the contract, notwithstanding certain advertisements to the public for tenders.

On the question of free passes, Mr. Brydges, in October last, and again on the 29th of May last, said, "Very few complimentary passes are issued, the exceptions being the press and Americans whose interest as controllers of freight is important, and who are invariably passed on their own lines. No passes are given to M.P.'s, their families, or to other private parties."

Now for the facts. I have never travelled upon the Grand Trunk without seeing a large number of free passes in the hands of lawyers, military officers and their wives, M.P.'s, and members of the Government. I have on many occasions seen members of the Dominion and Provincial Governments travelling on official business, for which they were being paid by the country, and at the same time using free passes given to them by Mr. Brydges. The word "press" on the Grand Trunk covers as wide a range as "stationery" in the United States Congress, which the late Thad. Stevens said "*extended to a frame house well furnished and a span of horses.*"

As to the condition of the rolling stock, Mr. Brydges said, "The whole stock of cars are now in working order. Of course there was always a certain number in repair, 3 or 4 per cent. of the whole, and not more than on other railways." I travelled over the line in June last, from Prescott to Belleville, 108 miles, and I saw more broken-up rolling stock in that short distance than I ever saw upon the entire length of the Great Western Railway. The train I travelled by had broken down a few miles from Prescott Station, and while waiting for it we had the alternative of standing out in the rain all night or being stifled in a small room with 500 German emigrants. Mr. Brydges was at Ottawa, attending to the Intercolonial, and had been so for a week.

In Scoville's case he said, "There was a distinct statement that he had made a bad contract, but he assured them as a man that it was an entire fabrication."

The facts speak for themselves. When Mr. Brydges found, as he states, that Scoville (on the failure of the Three Rivers Company) raised the price of car wheels from 15 dollars to 16 dollars, he did not invite public tenders, but concluded a private contract with a Montreal Company for three years at 14 dollars 50 cents. The Montreal Company supply other

railways at 12 dollars 50 cents; but I have been informed by the car wheel inspectors of the Grand Trunk that the Montreal wheels are very inferior, the breakage excessive, and the old material unsaleable.

In Yates's case, Mr. Brydges, in October last, said, "The next thing was, that Mr. Yates had a patent of his own, and so certified his own work, and that Mr. Yates was a patentee for a mode of mending rails. *That was not so.* Mr. Yates had sold his patent to a *bonâ fide* buyer, and, to the best of his knowledge and belief, Mr. Yates had no interest in that patent which would have prevented him from doing his duty."

On the 29th of May Mr. Brydges made the further statement that "Yates sold his patent to a man named Lindley, who had previously been in his service when Yates was a contractor. The plan was commenced in 1862, and ended in 1865, since which date no work of the kind has been done under contract. It was an experiment; although to some extent useful, it was not found to realise what was expected, and therefore given up. The average cost of the operation was about 9 dollars per ton.

"A few rails in our own shops are repaired, when it is economy to do so, by our own men at day's wages. I have examined Baines's plan, and do not consider, after careful consideration, that it is desirable to adopt it."

Now the facts are as follow :—Yates had been the Locomotive Engineer of the Great Western of Canada, under Brydges' management, and he subsequently took out a patent for mending rails, and made a contract with the Grand Trunk for a term of years. On Brydges' appointment to the Grand Trunk he made Yates Chief Engineer, and it therefore became necessary to transfer the contract which Yates held, and he did so to his own clerk Lindley, and then Yates certified the work which Lindley executed. Whether the transfer was *bonâ fide* or not may be judged from the fact that Lindley continued to receive a salary of about 1,000 dollars a year from Yates, and on the termination of the contract Lindley received a cheque for 40,000 dollars from the Grand Trunk Company on settling up the account. This sum Lindley refused for some time to hand over to Yates, but eventually did so, and he remains in his humble subordinate position, while Yates was able to retire from the Company's service with a fortune of £100,000. And next as to Baines's plan for mending rails. It is rather remarkable that, notwithstanding Mr. Brydges' superior knowledge, all those

Managers who have adopted Baines's plan are able to pay dividends to their Shareholders, whilst Mr. Brydges is not. The Great Western send all their rails requiring repair to Baines's mill (although they have a mill for re-rolling rails which is not fully employed). The Grand Trunk do their repairs by hand, or send the rails to the Toronto Rolling Mill to be re-rolled, at a cost of £5 5s. per ton.

On the question of fuel, Mr. Brydges, in October, said—"At the present price paid for wood—viz., 16s. a cord—it would not, in his opinion, be economy to burn coal delivered at Quebec. The price of coal at Quebec was not the price at the place they wanted to consume it at. He would not advise the Grand Trunk to use coal instead of wood for another reason—ninety-nine out of a hundred of the engines had iron fireboxes." And on the 29th of May last he said, "Cleveland coal laid down at Lake Ontario ports will cost from 5 dollars 80 cents to 6 dollars 20 cents a ton in gold. It is not economy to burn it at the present price of wood."

Now for the facts. The contract price to the Great Western Railway of Canada last year for the best Briar Hill coal (which is *the* best coal in the world) at Cleveland, free on board, was 4 dollars 75 cents American currency, which, with the freight added, cost the Company 4 dollars 80 cents in gold, delivered at their wharf at Hamilton. This year the price is 5 dollars per ton. Freights from Cleveland are always lower to Toronto, Cobourg, and Kingston than to Hamilton. The Grand Trunk Company can, if they desire, contract with the best firms in Ohio for delivery of Briar Hill coal at Goderich, Sarnia, and Fort Erie at 4 dollars 50 cents, and at all the principal ports on Lake Ontario, including Prescott, at 5 dollars per ton. The consumption of Briar Hill and other first-class coal does not require copper fire-boxes; such a thing is unknown on all the great coal-burning lines in the United States. One ton of Briar Hill is equal to two tons of the ordinary hard wood burnt on the Grand Trunk.

As to the Volunteer Corps, Mr. Brydges says—"The Volunteer Corps has not cost the Company anything, the whole of the outlay being borne by the Government and the men themselves. Drilling did not and does not come out of the Company's time, nor did it ever interfere with a single train."

This is a remarkable statement, for I have the authority of some of the best officers of the Company for stating that repeatedly goods trains have been cancelled in order that there might be a strong muster of the battalion, and that

large numbers of men positively refused to muster or attend drill during their leisure hours. It is next to impossible to visit the goods depôt at Toronto without finding a number of the officers away from their duty and at the drill shed. The truth of these statements is capable of demonstration.

On the question of loss on American currency, Mr. Brydges said, "He thought it was well understood how the loss on greenbacks arose. The loss arose from traffic coming from the United States and going to another point in the United States. They could not increase their fares to meet this loss, as no one would travel on the Grand Trunk at a dearer rate than in his own country. They could only charge the same fares as were charged by competing lines. It was the traffic that began in America and ended in America that occasioned the loss, there being no loss upon the Canadian traffic. If they charged a man five dollars more for his conveyance, it simply meant advertising that they would not carry any traffic at all."

The foregoing statement carries on the face of it the utter absurdity as to any loss on greenbacks. It admits that they are obliged to carry traffic at the same price as competing lines in the United States, and be paid in the same kind of money; the New York Central, the Erie and Pennsylvania Central, would therefore have exactly the same right to charge loss on the conversion of American currency into gold. The *Montreal Herald* put the case in a very simple and concise way on the 17th of April last, as follows:—"The bankers who make up the Boards of London Directors of Canadian railways set down their receipts in American currency, and speak of the loss which they have sustained by its conversion, as if there could be any doubt that the same competition which fixed the gold price of traffic now would fix it at the same figure in gold—the only true figure—no matter what the nominal currency of the country might be. To treat the excess of receipts caused by the inflation of American currency as a genuine receipt, and then take off the discount and call that a loss, is just as reasonable, and no more so, as it would be to reckon the Canadian receipts in Canadian pounds, and comfort the Shareholders by saying that if they were sterling pounds the revenue would be increased by 25 per cent."

Mr. Brydges at the last October meeting gave other explanations, such for instance, "That it was impossible to avoid the necessity for renewals," &c., and his answers generally

were stated to have been received with great satisfaction. The Canadians, who had been watching the proceedings with keen interest, declared that it was marvellous to see how completely he had drawn the "wool over the eyes" of a patient and confiding proprietary.

Armed with a letter from the Directors that the officials in Canada would be sustained against all attacks, Mr. Brydges returned to Canada and paid his first attentions to me, he then returned to Montreal to be feasted by his brother officials and Grand Trunk contractors, and called down the wildest cheers from his auditory by his allusion to the position in which his lieutenant, Gray, had placed me.

On the question of the International Bridge, the Corporation of Buffalo last winter came to a preliminary resolution to guarantee the cost of building this bridge, the charter for which was under the control of the Grand Trunk, the Managers of which forthwith proceeded to form an alliance with a corrupt clique in Buffalo, and afterwards went with a grand retinue from Montreal to that city, announcing on their way that they had secured the completion of the work; but the Corporation had in the meantime discovered the secret, and in their indignation unanimously refused to proceed further, without even waiting for the report of their own Finance Committee, to whom the question had been referred. The Corporation subsequently made the *amende* to its own Committee by rescinding their former resolution, and received the report of the Finance Committee, and at a later meeting formally rejected Mr. Brydges' proposals.

Second. After the comedy played before the Proprietors at the last October meeting, not unworthy of Gould, Fisk, and Co., the Directors began next to cry out, "Let us have peace; we have thrown a 'Jonah' overboard to appease you;" but the April meeting brought no peace. It saw one nominee of the Baring interest simply replaced by another, who, in his conduct of the proceedings, out-Heroded Herod. A resolution was moved and carried requesting Mr. Brydges to resign, and how was it treated? Why, the Chairman told you your motion would be disregarded—that, in fact, you may come by their invitation to attend the half-yearly meetings, you may complain of corruption and mismanagement which have been made manifest, you may move resolutions and carry them by overwhelming majorities of the Proprietors present, but they will all go for nothing, for he holds in his pockets sufficient proxies to overwhelm all independent action, and that "he

will carry things with a high hand." Now, while Mr. Baring was President, we think he was entitled to great forbearance; he had a real stake in the undertaking, so had Mr. Glyn, but nature has nearly run its course with both these wealthy and esteemed gentlemen, but they are attempting to continue their control of the Grand Trunk by paid deputies of an inferior order, who venture upon flights of arrogance and assumption which are simply intolerable, and these deputies have not even the record of successful administration in other Companies to which they can refer you.

A system has grown up within the last few years among some houses of eminence—viz., that of taking into their service what are vulgarly called clever men as their principal representatives in public Companies—for instance, Overend, Gurney, and Co. had its Edward Watkin Edwards. I could continue the list were it necessary, but suffice it to say that the system is a bad one, and has been found to work injuriously to the great body of Proprietors in public Companies.

It is always desirable to have a clear and well-defined issue to try, and these deputies have raised a clear and distinct issue with you—*Are you or they to control the affairs of the Grand Trunk Railway?*

Things cannot be worse—*any change* must improve them. Power was obtained last year to raise £500,000 Preference Bonds. This sum is urgently needed to put the road in order, and enable it to carry existing paying traffic, and yet the wealthy names upon the present Board of Directors fail to bring the money, for public confidence is utterly gone, owing to a universal opinion that the undertaking is worked as a political machine for the benefit of a certain political clique in Canada, and that there is universal corruption and mismanagement in the administration there.

Reform the Board in London, make one clean sweep of the administration in Canada, sever that secret political connection which, however profitable it may be to certain parties in London and Canada, is exceedingly unprofitable to the Grand Trunk Proprietors generally, and I have not the slightest hesitation in stating that such assistance could be obtained from the Dominion Parliament as would put the line in a thoroughly satisfactory working condition, and enable it to pay the interest on the greater part of its bonded debt. N.B.—An opportunity is now afforded to the Proprietors of effecting a reform in the management by supporting the

movement initiated by Mr. Creak, and signing the proxies intrusted to his Committee.

Lastly, the future prospects of the Grand Trunk Railway are of a cheering description. The Intercolonial Railway is under construction—and while on this subject I feel bound, in justice to myself, to state that no one is entitled to look upon this work with so much pride and satisfaction, for although others have received the nominal honour, to myself more than any other man belongs the substantial honour, of having secured the construction of this great undertaking. It will give access through the Provinces of New Brunswick and Nova Scotia to the magnificent harbour of Halifax, it will render immediately productive two hundred and twenty miles of the most unproductive portion of the Grand Trunk, and whether the Canadian Government purchase the Grand Trunk between Richmond and River du Loup or not, the Grand Trunk will benefit equally in either case.

The narrow gauge railways of Western Canada, which intersect the Grand Trunk at Toronto, will develop the resources of the most extensive and fertile portions of the Western country, and become a permanent source of income to the Company. The "Air Line" through the State of Michigan, which is making steady progress, will give to the Grand Trunk what is an indispensable necessity in competing for the trade of that portion of the Western country. But the most important of all the great projects now in progress in that direction which will benefit the Grand Trunk is the construction of the North Pacific Railway, commencing at Du Luth, at the head of Lake Superior. One hundred and fifty miles of this line from Du Luth to St. Paul is now under construction, and will be completed next year. The Senate Committee of the United States during last Session recommended that Congress should guarantee the bonds to the extent of 30,000 dollars a mile for the construction of a North Pacific Railway from the head of Lake Superior to the territories of Minnesota, Dacotah, Montana, and Washington to Puget Sound. The Company is already incorporated, and comprises many of the most respectable Railway Directors in the United States; they have obtained enormous grants of land, and the surveys and location of the line are proceeding with the greatest rapidity. It would extend this letter to too great a length to enlarge upon the great benefits which even the very commencement of this North Pacific Railway will confer upon the Grand Trunk, and therefore I propose treating

upon it in a separate letter. Suffice it for the present to say that the territories of Minnesota, Dacotah, Montana, and Saskatchewan are surely destined to be the homes of the bulk of the emigration from Europe for the next hundred years, and that the Grand Trunk Railway can be made the shortest, the cheapest, and the best route thither.

Coming fresh from this great North-West country I have been most forcibly struck with the enormous increase of poverty in London during my absence. I daily witness long files of human beings waiting outside the police offices, begging for a night's lodging at the workhouse, nearly every one of whom could earn in that country from four shillings to eight shillings per day, and in a few years gain comparative independence.

The question in this country now is not one of filling up our colonies, but how to dispose of our surplus population.

There is four hundred and fifty miles of railway building in Nova Scotia, New Brunswick, and Lower Canada, two hundred miles in Western Canada, and thousands of miles in the North-West States and territories of America, and in connection with these railways millions of acres of fertile virgin country is being opened up for settlement, so that were it not for the difficulty and expense of crossing the Atlantic, England and Europe would be denuded of its poverty in great measure in a few years, and millions who are now in abject misery and want, would, by the exercise of ordinary industry, be rendered prosperous, healthy, and happy.

I witnessed the arrival of a large number of the emigrants in Canada this last summer, and saw how readily they were absorbed by the country, and felt that at last English charity had been applied in the proper direction. This movement ought to be fostered and promoted in every way; but the present mode of sending out emigrants is simply barbarous, and enough to deter the stoutest hearts from proceeding on the journey.

A fleet of ships ought to be built especially adapted for carrying emigrants, of moderate tonnage, with all modern improvements as to space and ventilation, so as to insure the health of the passengers, with auxiliary steam power to make the voyage to Halifax in ten days' sailing from the port of London, and carrying passengers at £4 a head. Such a fleet would command the bulk of the European emigration, would confer a blessing on humanity, would pay as a commercial

enterprise, and would confer immense and lasting benefits on the Grand Trunk Railway.

In conclusion, let me impress upon the Proprietors that three things are essentially necessary to the prosperity of the Grand Trunk Railway—viz., British immigration, the confidence of the commercial and travelling community, and the freest possible commercial intercourse with the United States; but whether this latter can be obtained without a change in the existing relations between the Dominion and the mother country is one of those questions which time alone can solve.

I have the honour to be,

Gentlemen,

Your faithful servant,

JOSEPH NELSON.

269, STRAND,

London, 15 Sept., 1869.

TO THE
BOND AND STOCKHOLDERS OF THE GRAND
TRUNK RAILWAY OF CANADA.

GENTLEMEN,

I addressed a letter to Mr. Thomas Baring on the 11th of October last, but not having received any reply from him, I avail myself of the present opportunity to send you a copy for your perusal and consideration.

I am, Gentlemen,

Your most obedient servant,

JOSEPH NELSON.

269, STRAND,

4 Dec., 1869.

(Copy.)

TO THOMAS BARING, ESQ., M.P., 8, *Bishopsgate-street, E.C.*

269, STRAND.

London, 11th Oct., 1869.

SIR,

It is unnecessary that I should remind you of the services which I rendered in obtaining the Imperial guarantee for the cost of constructing the Intercolonial Railway; suffice it to say that I devoted to it five years of the best portion of my life, and expended in obtaining it the sum of £10,000, and I have the word of Lord Palmerston and Mr. Gladstone, conveyed to Sir James Fergusson by the former, and to Sir Robert Anstruther by the latter, that it was the influential deputations, memorials, and petitions—organised and obtained by me—which induced the Government to consent to recom-

mend Parliament to give the guarantee upon the basis of the Treasury minute of 1863, and which was substantially adopted by the Treasury minute and legislation of 1867.

In the summer of 1867 I went out to Canada, in expectation of receiving the reward of my long and arduous services, and whilst waiting there I made an examination of the Grand Trunk Railway, and in the winter of that year I wrote a letter to a gentleman in London, which I marked **PRIVATE AND CONFIDENTIAL**, showing how, in the matter of contracts for stores, a sum of £60,000 a year could be saved to the Grand Trunk Railway in Canada. That letter was laid hold of surreptitiously by the Grand Trunk officials in London, and transmitted to Mr. Brydges, in Canada, in the month of May, 1868. On my going to Montreal during that month, for the purpose of communicating to Mr. Brydges some information important for him to know, he produced my **PRIVATE AND CONFIDENTIAL** letter, and charged me with having got up the opposition to him in England, which had so nearly deprived him of office. This charge, as can be demonstrated by the general body of proprietors, was utterly untrue, and I told him so. Mr. Brydges, however, caused me to be served with action for 10,000 dollars damages for libel on the following day upon my confidential communication to him, and forthwith took every other proceeding in his power to ruin me. Nay, to such an extent was it carried after his return to Canada from the October meeting, that the indignation of the whole country was aroused, and General Sir Charles Windham, Commander of the Forces, and Mr. Hugh Allen, who had taken part in the banquet given to Mr. Brydges in Montreal last December, wrote to me to say that they did not sympathise with, nor had they taken any part in cheering Mr. Brydges' attack upon me, when he referred to the criminal charge then pending against me at the suit of a Grand Trunk official, as his answer to my pamphlet.

All the public attacks and proceedings of Mr. Brydges and the other Grand Trunk officials and contractors came to an ignominious end, and on reference to the judicial proceedings it will be seen that it is to my forbearance that some of the parties are not now undergoing a long term of imprisonment for conspiracy, fraud, and perjury.

Mr. Brydges was not content with the proceedings which had caused me infinite pain and anxiety, and the loss of £3,000, but he further used every influence in his power to prejudice the Government of Canada against me; so that on

preferring my claim for services and the return of money expended in the Intercolonial Railway, the Government refused even to entertain my application, and three of its members told me there was no hope for me in the present state of my relations with Mr. Brydges. The Grand Trunk Railway will benefit, and your firm have already benefited, very largely from the results of my labour and my expenditure. I never asked aid from your firm, nor received it from the Grand Trunk (although promised). I had every reason, therefore, to expect at least justice, if not generosity, at the hands of yourself and the Directors of the Grand Trunk Railway; but when I see it proclaimed to the world in the newspapers, and by Mr. Brydges at the Montreal banquet, that you and your co-Directors, by formal resolution dated the 23rd of November last, recorded your "unanimous belief in the honour, integrity, and ability of the Company's chief officers in Canada, and assured them they would be supported in all their proceedings," I think I am entitled to ask you if you meant thereby to approve the manner in which the Grand Trunk officials obtained and dealt with my letter marked PRIVATE AND CONFIDENTIAL; with the conduct of Mr. Brydges in causing me to be served with an action for 10,000 dollars damages for libel, upon a confidential communication which I had made in good faith to him and Mr. Hickson, and which Mr. Brydges told me I was bound, as a friend, to have communicated to him; with the proceedings at the Toronto police-court, organised by Mr. Hickson, and conducted by the Grand Trunk solicitors; and with their conduct in sending the telegraph despatch of my arrest to the Associated Press of America; with the conduct of Mr. Brydges in causing me to be served with another action for 4,000 dollars for libel immediately on his return from London last December; with his attack upon me at the Montreal banquet, pending a criminal charge against me by his confidential agent, Thomas Gray, and which was manifestly intended to prevent my having a fair trial; with the conduct of Mr. Brydges in rewarding Gray, the prosecutor, with a contract of 10,000 dollars a few days after the trial, where Gray had been compelled to admit, on oath, that he had committed perjury in seven distinct instances, for the purpose of defeating a bill in Chancery which I had filed against him for the recovery of a large amount of property of mine in his hands; that he had embezzled my money, and advised others to do the same; that he had sent false telegrams to me, and advised others to do the same; that he had

made a false statement to my bankers, with the object of getting into his hands all the money he could; that he did not think of preferring a charge against me until I had intimated my intention of giving him into custody for fraud and embezzlement; that he had resided at Hamilton for twenty years, where he was known as the "Artful Dodger," and had mortgaged certain property six times over, by representing it as his own, when, in fact, it was his father's; and that HE WAS THE GOVERNMENT AND GRAND TRUNK CANDIDATE FOR NORTH PERTH AT THE LAST ELECTION.

And, lastly, whether, in the face of all these facts, which are on record and unimpeachable, you are prepared to justify the conduct of the Grand Trunk Directors in the position of antagonism to my just claims on the Intercolonial Railway which they have assumed, and also if you concurred in sending the following statement by Mr. Brydges for publication in the English newspapers on the 19th day of June last, and afterwards upon another application refused to let me inspect the affidavits therein referred to?

"Mr. Nelson has no property or place of residence in Canada, and could only be prosecuted criminally, which the law officers of the Crown strongly advised against, knowing the difficulty of getting a jury to convict a private person at the suit of the Corporation. The sworn affidavits in the London office prove the entire honesty of the Storekeepers and the utter worthlessness of Nelson's statements."

In England happily such an outrage as that to which I was subjected in Canada by the Grand Trunk officials is impossible, and I feel assured that no gentleman or body of gentlemen residing in England can afford even to "stand by," much more give their official sanction, to such proceedings committed by men under their control, even in a foreign country.

I am, Sir, your most obedient servant,

JOSEPH NELSON.

APPENDIX.

From the TORONTO GLOBE, 26th January, 1869.

THE ASSIZES.

MONDAY, JANUARY 25.

The Court opened at 11 o'clock, Mr. Justice Morrison presiding.

THE QUEEN V. NELSON.

Joseph Nelson was indicted with having on September 8, 1868, in Toronto, with intent to defraud and by false pretences, obtained from Thomas Gray a warehouse receipt.

Mr. John McNab, County Crown Attorney, and Mr. R. A. Harrison, Q.C., appeared for the Crown; Mr. Edward Blake, Q.C., and Mr. J. H. Cameron, Q.C., for the defence.

Mr. GRAY, examined by Mr. HARRISON. Mr. Nelson agreed to sell me 4,000 tons of coal. The copy of the agreement produced is a correct copy. I gave Mr. Nelson a note in part payment of a cargo of coal ex New Dominion. It was for 1,348 dollars. Subsequently he told me the Quebec Bank would not discount my note; but that if I got a warehouse receipt on the coal in Tinning's Yard, he could attach it as collateral, and thereby obtain the discount. I procured a warehouse receipt for him. This is it, now produced. If I had known he intended to apply it to any other note, I would not have given the warehouse receipt. On the 14th of October I discovered he had applied it to another purpose. He applied it to a private note of his own at the Quebec Bank for 1,700 dollars.

Cross-examined by Mr. BLAKE. There was an understanding between us that Mr. George Sanderson was to endorse the paper paid for the coal. Sanderson was to be my partner, equally interested and equally liable. Mr. Nelson inquired of me beforehand regarding Sanderson's standing—whether he was good or not. I said he was, and referred him to the Bank of Montreal, saying Sanderson kept his account there. I fancy I might have said he had a credit of 20,000 dollars there. Sanderson was verbally a party to the arrangement, and it was understood he was to give a writing agreeing to endorse the paper. Nelson told me he tried to discount the paper at the Bank of Montreal, but Sanderson had

no account there. I told Nelson to go to the City Bank ; but Mr. Moat, of that Bank, also declined. I told Nelson he had better go to the Bank of Toronto, where I kept my account. He went, but could not get it there. He wanted me to go with him, but I declined ; and he then went to the Quebec Bank, and told me he left the note there and got 200 dollars on it, and that in the meantime inquiries were to be made by Mr. Bethune as to whether more could be advanced. Nelson told me this a day or two after it occurred. He then left for Cleveland, about September 1st. I got a letter from him, stating that banking arrangements were not satisfactory, but he had sent on coal, and would himself arrive on Thursday. Mr. Nelson arrived about that time, and one of the vessels he sent off, the *Bermuda*, arrived about the same time. She had 250 tons, and commenced to discharge in my name. Her freight was 1 dollar 30 cents, and the coal was 4 dollars 70 cents. We were to pay the freight and give him a bill for the difference—that would be 850 dollars for the *Bermuda*. Neither Sanderson nor I paid the freight, but Nelson paid 325 dollars. This would make the amount due on the *Bermuda's* cargo, as you calculate it, 1,175 dollars. The *Peerless* came in about the 7th with 356 tons. Her freight was 1 dollar 35 cents, leaving the nett to Mr. Nelson 3 dollars 35 cents, or, on the whole, 1,267 dollars. The *W. G. Emery* arrived the same day. Her bill of lading, 344 tons ; freight, 1 dollar 40 cents ; nett, 3 dollars 30 cents on that, or 1,100 dollars 20 cents, for which Nelson ought to have received a bill, but did not. Mr. Sanderson refused to pay the freight because the first cargo was not free. The invoice of that one came through the Bank. When Mr. Sanderson declined to pay the freight, Nelson told us he did not know how to get along. He told me Mr. Bethune objected to any more of the *Bermuda's* coal going into my yard. Mr. Nelson suggested, as a means of relief, that having three cargoes in my own yard, I would not have to use the first cargo for some time, and might get a warehouse receipt from Tinning on it, and have my note done. I got the receipt, and he went to the Bank with it. I told nothing to Sanderson till afterwards. I did not speak to Sanderson before Nelson returned from the Bank. The latter said nothing to me, but handed me the three bills of lading. As far as I was concerned, the thing was completed before Sanderson knew anything about it. The affidavit produced was made by me, and used in the Court of Chancery. (Here the ninth paragraph of the affidavit was read. It set out the purchase of the coal from Nelson, and the giving him a promissory note or bill therefor to the amount of about 1,358 dollars, and stated—“After receiving this note, Nelson informed Sanderson and me that he had endeavoured to discount it at the Quebec Bank, but could not do so ; but if we would get for him a warehouse receipt for the cargo in Tinning's Yard, that would enable him to get the note discounted. Sanderson and I being desirous of enabling him to get the note discounted, accordingly procured for him a warehouse receipt for the cargo, and delivered it to him for the purpose aforesaid, and he afterwards informed us that he got the note given by us discounted on the strength of it.”)

MR. BLAKE. Is it true that Mr. Sanderson was desirous of enabling Mr. Nelson to get the note discounted ; and, with you, procured for him a warehouse receipt ?

WITNESS. No ; that affidavit was drawn up in that way for an object. It was done in defence.

MR. BLAKE. But was it true?

WITNESS. No.

MR. BLAKE. Then you should not lie in defence.

WITNESS. I considered that, as Mr. Sanderson was my partner, he was acting with me.

MR. BLAKE. Did you consider that whatever Mr. Sanderson did, you did?

WITNESS. I supposed that using Mr. Sanderson's name there did not affect anything.

MR. BLAKE. But you knew the affidavit was untrue in that particular?

WITNESS. I do not know whether it was untrue or not.

MR. BLAKE. Is the other statement in the affidavit true, that Mr. Nelson informed Mr. Sanderson in your presence that he had endeavoured to get a discount in the Quebec Bank, but failed?

WITNESS. No.

MR. BLAKE. Is it true, as stated in the affidavit, that he said in Sanderson's presence, that if you both could get a warehouse receipt for the cargo in Tinning's Yard, that would enable him to get the note discounted?

WITNESS. It is untrue.

MR. BLAKE. You still thought that what you did, Sanderson did?

WITNESS. He always used to leave everything in my hands.

MR. BLAKE. But you thought that what you did, Sanderson did—was that the idea under which you made this sworn statement?

WITNESS. If I thought it was going to have affected the case, I would have objected to the statement being made out that way.

MR. BLAKE. But as you thought it would benefit the case, you did not object to it?

WITNESS. The result will show whether I will benefit by it or not.

MR. BLAKE. I dare say.

To MR. BLAKE. I asked no questions on the return of the three bills, giving me the three cargoes free. I gave him my note for the first cargo and got it. I got the three other cargoes—the total price of which was 3,257 dollars 80 cents. Then there were freights, 325 dollars, or 3,572 dollars 80 cents. The cargo of the first vessel reached 1,348 dollars, or total of 4,920 dollars 80 cents. On the other side is the 1,348 dollars for the first cargo, and bill at Quebec Bank 1,700 dollars making a total of 3,048 dollars, which sum deducted from the amount due Mr. Nelson, according to this statement, leaves a balance of 1,872 dollars 80 cents in his favour. I did not give him any bill or note for any of the three cargoes; I was anxious to get the three cargoes free and get control of them; Nelson said he could get them free if I got him the warehouse receipt; I got it, and he gave me the bills of lading free; that evening, after the matter was finished, Nelson, Sanderson, and I met, but could not agree; next morning we came to a new agreement; during the discussion, on the previous day, we talked over the freeing of the three cargoes, and no doubt talked of the measures by which they had been freed; there was a long conversation; I presume Mr. Nelson told us the cargoes were freed, and that, at that time, I must have told Sanderson about the warehouse receipt; next day, we three entered into a new agreement, and under the terms of that agreement the old cargoes were to come in; on the 12th September, got a cheque for 659 dollars from Mr. Nelson from Cleveland, accompanied by a letter desiring the same

to be paid, without delay, to his Bankers; I placed the cheque to my own credit, when I found I was unable to protect the draft which Mr. Nelson asked me in his note to protect.

MR. BLAKE. What! You placed Mr. Nelson's cheque to your own credit?

WITNESS. Yes; I had to pay out over 600 dollars next day, so I placed the money in my own name.

MR. BLAKE. Would it not have been safer and more regular to have placed the amount in Mr. Nelson's own name?

WITNESS. I wanted to use the sum next day; on the 1st October an agreement was made, by which Gray and Sanderson transferred the business to Nelson. That agreement became inoperative, too. But, in the meantime, the accounts were made up. On the 12th October there was a final agreement. On the 14th October I went to the Quebec Bank and found for the first time that the bill of lading was pledged for a 1,700 dollar note; do not recollect writing Nelson on finding this out. Nelson arrived about the 19th; he came to the office, and Mr. Wiloughby was present during the first conversation. The conversation was, I fancy, with reference to a telegram which Nelson said Mr. Harris had sent him, and which was untrue. Nelson did not charge me with having dictated it. He referred to the letters and instructions he received; I said I had written him a letter; this was on the 17th September. It was obvious from the conversation that he missed it.

WITNESS. I did not charge him that day with fraud. I did not ask him for any explanation about the 1,700 dollar note then. He was dissatisfied with the conduct taking place in reference to the business. I did not tell him that I had anything to do with the conduct he complained of. Subsequently in the day Nelson attacked Harris in the office about the false telegram, &c., and Harris said he was forced by the solicitors to act as he had done, as they were pushed by myself and Sanderson. Nothing was said to me about Nelson's fraud that day. Next day Nelson said he was going to take legal steps against me for fraud in using his 659 dollar cheque. I then charged him with committing a fraud against me in regard to the 1,700 dollar note. I said my letter of the 17th explained all about the 659 dollars. Nelson told me he released the three bills of lading by the 1,700 dollars. He said Sanderson was aware of it. I said Sanderson never told me so—that he had pronounced it a fraud. Nelson said, if Sanderson does not admit he knows of it, he'll do me a serious injury. I said, if Sanderson knows all about the note being used in that way, I am perfectly satisfied. On the 22nd I went to the Quebec Bank with Mr. Nelson. Nelson wanted me to raise funds with the Bank to honour a draft for the cargo of the Son and Heir. On the 14th, I told Mr. Bethune that the transaction in reference to the 1,700 dollars was a fraud. On the 22nd I told him that matters were in a different shape—that I was satisfied—that explanations had been made, and there was no fraud.

MR. BLAKE. Were these latter statements true?

WITNESS. No.

MR. BLAKE. You felt you were justified in lying that day?

WITNESS. Yes. The account shown me is in Mr. Nelson's handwriting, showing a balance of 3,628 dollars in his favour. In the account I made out I see a credit of 5,647 dollars credited to Mr. Nelson.

MR. BLAKE. Is the last credit a lie?

WITNESS. You are pleased to say it is.

MR. BLAKE. Is it not part of the lying you were engaged in that day?

WITNESS. I made the statement. In the pencil document handed me, the 1,700 dollars included is the fraudulent account of which I accuse Mr. Nelson. The document is in my handwriting, and the 1,700 dollars went to make up the balance of 3,648 dollars coming to Nelson. In making up my statement for the Bank I wanted to get Nelson out of the difficulty.

MR. BLAKE. For what purpose did you make this mis-statement?

WITNESS. To get in all the money I could.

MR. BLAKE. For what purpose did you make the pencil memorandum I showed you just now?

WITNESS. To induce Mr. Bethune to give the credit. I was made a tool of.

MR. BLAKE. Poor innocent fellow! But you made up the figures?

WITNESS. I did so to induce Mr. Bethune to give Mr. Nelson the credit. Mr. Bethune would have lost nothing by it.

MR. BLAKE. But was he induced to give a credit by your false pretences?

WITNESS. No.

MR. BLAKE. Failing in that negotiation, where did you go next?

WITNESS. I went to see Mr. G. H. Wyatt.

MR. BLAKE. Out of your great anxiety to help the man who had defrauded you; what did you tell Mr. Wyatt?

WITNESS. I told him the same as I told Mr. Bethune; but the object I had in view was to make a bogus cheque. Mr. Wyatt declined in the first place. I think I produced the paper I showed Mr. Bethune.

MR. BLAKE. Did you assent to its correctness?

WITNESS. I do not know. I told Mr. Wyatt he would be perfectly safe in getting the transfer of the two cargoes.

MR. BLAKE. But was the pencil document produced then, and did you tell him it was a true statement of account?

WITNESS. I will not say. I do not see why I should do so. I had no object in telling a lie to him, for he was getting good security. A suit in Chancery was commenced on the ground that I was collecting assets contrary to the last agreement, and an injunction was obtained. I have been living here six years. Resided in Hamilton twenty years.

MR. BLAKE. Did you know a man there named Gray, called the "Artful Dodger?"

WITNESS. I know no other Gray than Thomas Gray—my own name.

MR. BLAKE. Was the "Artful Dodger" your nickname?

WITNESS. I suppose newspaper men call people what they like. I am the Thomas Gray alluded to as the "Dodger," the "Artful Dodger," and the "distinguished Gray," who sought the confidence of the people of North Perth at the late election. (Laughter.) I recollect getting the deed of a lot of land on which my father lived.

MR. BLAKE. Did you mortgage it to several people?

WITNESS. I did—to Mr. Wood, I think.

MR. BLAKE. I have the evidence here before me, and you may as well out with the whole truth. You mortgaged this land to Mr. Wood, to Mr. McLaren, and to Mr. Sadler. Do you recollect telling them whose land it was?

WITNESS. I do not recollect telling Mr. Wood whose land it was. It

was not my land. It was my father's land. I mortgaged it away to these persons, and got a consideration for certain purposes. I consider I repaid it. I put my father's land in jeopardy in that way, without his consent.

MR. BLAKE. Did you ask Mr. Sanderson whether he knew of the application of the 1,700 dollars?

WITNESS. The matter had been a subject of conversation with Sanderson.

MR. BLAKE. Did Sanderson ever tell you he knew of it?

WITNESS. Yes, in the box in the Police Court.

MR. BLAKE. At the Police Court did you not hear him swear that he knew of it the day it was done?

WITNESS. His evidence is before you.

MR. BLAKE. I ask you, Sir, did you not hear Sanderson swear that at the Police Court?

WITNESS. Yes.

MR. BLAKE. And that you and he were partners in that cargo?

WITNESS. Yes.

MR. J. H. CAMERON. I submit that there must be an end on the indictment in this evidence. The property in question belonged to Gray and Sanderson, and they had an equal interest in it.

HIS LORDSHIP. I do not see how we can go on.

And His Lordship at once stopped the case.

THE GRAND TRUNK RAILWAY OF CANADA.

A FEW REASONS WHY IT DOES NOT PAY.

IN 1862 a re-organisation of this Company took place, by which all its financial difficulties were arranged, the interest upon its bonds reduced and deferred, and ample new capital provided for the proper equipment of the line.

One of the first acts of the new management was the appointment of the present Managing Director, Mr. Brydges, a proceeding, to say the least, questionable; for had the Manager of the London and Westminster Bank so conducted its business that the dividends had fallen from nine per cent. to nothing, and he had further involved the Bank in extensive unproductive loans in a foreign country, and expensive and endless litigation at home, Mr. Thomas Baring and Mr. Kirkman Hodgson would have been the very last gentlemen who would have selected such a man and made him Manager of the Bank of England; yet they did a similar act when they took Mr. Brydges from the Great Western Railway of Canada, and made him Manager of the Grand Trunk. The fact is undeniable that long before the appointment of Mr. Brydges to the Grand Trunk, he had lost the confidence of the great body of shareholders of the Great Western, and had only been retained in office by the free use of proxies.

With this gentleman as Managing Director, the Grand Trunk Railway entered in 1862 upon its new and hopeful career; but, notwithstanding it has earned a gross yearly revenue exceeding one million sterling, it has gone headlong down into bankruptcy in the short space of six years.

Is this melancholy and disastrous result fairly chargeable at the door of the management in Canada? The recital of a few plain undeniable facts will prove that it is.

The first and most important duty of a Railway Manager is to make frequent personal inspection of the whole line, and not to have his visits heralded forth for weeks beforehand, so that his subordinate officers may have time to make things pleasant. Yet in the case of the Grand

Trunk, from its magnitude, the visits of the Managing Director are few and far between; and when he does go, it is more after the style of an Eastern Prince, in his car of state, with a crowd of guests and retinue of servants, resting upon the softest of couches, drinking the choicest of wines, and eating the daintiest food, whilst the passengers, from whom the Railway must derive a great portion of its revenue, are drawn along over a wretched road at a snail's pace, huddled together in cars little better than hog-pens, and compelled by necessity to eat at the Company's "refreshment rooms" in many cases the most abominable food, such as would be rejected by the stomach of any well-bred dog.

The Managing Director advertises the line as the "Great International Route;" and I will proceed to give an illustration, from personal experience, how the passengers and mails are treated the moment they reach the Grand Trunk Railway. We sailed from Liverpool last July, in one of the Canadian Royal mail steamers; we called at Londonderry to take on board the latest mails for Canada and the United States, which had been brought express from London and other places, at a speed of forty miles an hour; we made all speed across the Atlantic, scarcely deigning to assist a poor wrecked sister ship. We were telegraphed at Farther Point to the Grand Trunk officials at Quebec at six o'clock on the Sunday morning, and they therefore knew that we should in the ordinary course reach Quebec between five and six o'clock the same evening, which we did. The passengers were all ashore, the baggage passed at the Customs and on the railway van, and the mail agent with the mails for the "Great West" all ready to start, at seven o'clock. Hour after hour, however, passed, without the sign of a locomotive; and at last we were told that the Company had not one ready, but had sent for one distant about forty miles. On its arrival, about eleven o'clock, the train started. The passengers congratulated one another that, being Sunday night, they would have a clear track, and in any case other trains would have to give way for Her Majesty's ocean mail by the "Great International Route," and that we should reach Montreal before the departure of the train to the West at half-past nine the following morning; but we were altogether mistaken, for Her Majesty's mail was ignominiously shunted for every train we met between Quebec and Montreal, including wood and construction trains, so that we did not reach Montreal until half-past one o'clock the following afternoon, and found no train going West until half-past nine that night. At Quebec we were told that a telegram had been sent to Richmond to have breakfast ready on our arrival there, but such was not the case. The place was closed, and we could get nothing to eat, and only hot, foetid water to drink, until we reached Montreal. On recruiting at the hotel and going down to the Grand Trunk Railway Station to take the

first train to the West at half-past nine p.m., we found that we and Her Majesty's mail had accomplished the following result by the "Great International Route :"—we had travelled one hundred and sixty miles in twenty-six hours and a half, or at the moderate rate of six miles an hour. We had no accident or breakdown of any kind, but we were the victims of what cannot be termed otherwise than utter disorganisation.

Magnificent steamers run during the season, while navigation is open, between Quebec and Montreal, carrying passengers through during the night in about twelve hours, for twelve shillings each, which I believe includes bed and board. Fine steamers also run during the same season between Quebec and River du Loup, at very low fares. Therefore, during this period the Grand Trunk Railway scarcely gets a passenger, except strangers, such as we were. With regard to the section between Richmond and Portland the management of the passenger trains and the state of the line was strongly condemned by the Members of the Dominion Parliament from the Lower Provinces during their journeys to and from Ottawa, during the last fall and winter. They are compelled for the present to travel it, but pleasure traffic, which in the summer ought to be enormous over this line, neither does nor can be induced to use it. Next take the section between Montreal and Toronto; this has also to compete during summer—with the fine lake steamers—both for freight and passengers, and during winter on account of the delays, dangers and damages, no one moves either himself or goods over this section who can possibly avoid it. The passenger and goods traffic over this line is capable of being doubled in winter, if the line was in proper order and efficiently worked. On the next section, between Toronto and Detroit, local passengers for Guelph, Stratford, and Goderich pass by the Grand Trunk, and a few through passengers are picked up by the ticket agents, but the great bulk of local passengers of the Western Peninsula of Canada and through passengers go by the Great Western, so that it will be seen that the Grand Trunk Railway has a powerful local competitor during the summer both for its local and through traffic over nearly every mile of its route. To compete successfully with other railways for passengers, its speed, safety, and accommodation must be equal; and to induce passengers to prefer railway to steamer in summer, the Grand Trunk roadway and coaches must be greatly improved, and the speed accelerated to thirty miles an hour. At the present time the Grand Trunk Railway is the lowest, both as to speed, accommodation, and receipts, of any through line in America. The result of the present management so far as passengers are concerned is that no one ever travels a second time upon the line who can possibly avoid it. Very often the bulk of the passengers are composed of the Company's officials, dead-heads, card-sharps, robbers, and sometimes murderers, the

Grand Trunk for a considerable distance along the United States frontiers being a kind of Alsatia for the three latter class of operators. Let any one visit the ticket offices of rival companies, and he will then learn the terrible and injurious effect which this state of things has upon the business of the Grand Trunk Railway.

Take the next question as to the management of the goods traffic. It is an undeniable fact that owing to the manner in which the local traffic is conducted, nearly every man's hand in Canada is against the Grand Trunk; cases of negligence, delay, and unfair discriminating rates are legion, and therefore any illustrations which I could give within reasonable bounds would fall immeasurably short of the actual state of things. The important question is, Does the through traffic for which this great sacrifice is made, pay? We have the recent condemnation of the Detroit Board of Trade and their resolution to support a new and rival line between Detroit and Buffalo, in consequence of the Grand Trunk not only establishing discriminating rates in favour of Chicago, but also failing to carry the Detroit traffic even at the higher rate. The fact is on record in Captain Tyler's report that the Grand Trunk Railway Company have been competing for traffic between Chicago and Boston and New York, by carrying it at less than a halfpenny per ton per mile against competing lines of railway, with the advantage of upwards of 500 miles shorter distance. No further illustration is necessary, if we want a monument of this reckless, ambitious, and inordinate vanity, than to look around at the worn-out rails, broken-up rolling stock, and the locomotives reduced to a state resembling a drove of old horses going to a knacker's yard. And yet while Captain Tyler doubts the policy of continuing such a competition, he is not at the same time willing to give it up entirely but proposes that the Grand Trunk Company shall cease to compete for this through traffic over the Grand Trunk proper, east of Stratford, and that they shall build the International Bridge at Buffalo, widen the Detroit and Port Huron, build a new steam ferry at Sarnia, and construct an arrangement for obviating the difficulties of the break of gauge at Detroit and Buffalo, at a total cost of £300,000. In order that the Grand Trunk Railway may do what? why, compete with the Great Western of Canada for the traffic between Detroit, and the New York Central and Erie Railways on the Niagara frontier, the Great Western Company having the advantage of both a broad and narrow gauge and nearly 50 miles shorter distance. To do such an act would be all very well for the Buffalo and Lake Huron, but to duplicate the "Blue Line" of the Great Western with the object of serving the Grand Trunk Railway proper, is the greatest piece of folly ever contemplated by any man. I have been utterly unable to account for such a proposition except on the ground of blind hatred to the Great Western, or as a feint to force that Company into an amalgamation.

But let us take a review of the "inspection" of Captain Tyler and Mr. Eborall, and then deliberately consider the importance which may fairly attach to their report. Captain Tyler and Mr. Eborall did not come out to Canada by Canadian Mail Steamers and the "Great International Route," but they landed in New York about the 17th or 18th of September last, and were there met by the Managing Director, Mr. Brydges, and by him taken to Washington, and did not make their appearance on the Canadian Frontier for upwards of a fortnight, and then by way of Suspension Bridge to the Falls of Niagara, and from there passed over the Great Western Railway and Michigan Central, to Chicago, where they spent nearly another fortnight, so that practically they did not set foot on the Grand Trunk Railway for upwards of a month after their arrival in America; all this time the utmost exertions were being made by the officials to make things look pleasant; on their return from Chicago they devoted practically much less than a fortnight to the inspection of the Grand Trunk. They were, I am told, the guests of some of the great contractors for the Grand Trunk during their passage through Canada, and scarcely a local customer of the line had the opportunity to speak a word to them, and as to making any complaint, that was out of the question, inasmuch as the eye and ear of the Managing Director, Treasurer, and host of officials, composing a perfect body guard, were never absent from the presence of Captain Tyler and Mr. Eborall for a moment. These facts were so perfect as to excite unusual ridicule in Canada. Let us see the result: Why, the report breathes the bitterest hostility—in covert language—to the Great Western, and not such as to have been engendered in the breasts of Captain Tyler and Mr. Eborall during this their first and hurried visit to Canada. It further charges no mismanagement, admits no complaints, suggests no practical improvement, approves the conduct of the whole body of officials in Canada, winds up with a request that a further sum of £900,000 may be sent over from England for them to expend, and is otherwise filled with so much sophistry and illusion that any one conversant with the reports and speeches of the Managing Director cannot doubt its parentage.

This report appears, however, to have utterly failed in its object, as manifested by the result of the amendment moved at the last half-yearly meeting in London; and whilst we cannot fail to admire the feeling which prompted Mr. Baring to make such a forcible appeal in behalf of the Managing Director, it is much to be regretted that Mr. Baring should have gone so far as to indorse some of the illusions of the Managing Director, and with the weight of his (Mr. Baring's) name give them currency. Mr. Baring charges the failure of the Grand Trunk to the American War, the rise in wages and material, the loss upon the conversion of American currency, and the termination of the

Reciprocity Treaty. Now, the effect of the American War, whilst it raised the price of labour and material, also enhanced the value of all American produce, including Canadian—so much so, that notwithstanding the repeal of the Reciprocity Treaty, Canada has not yet felt any injurious effects from it. The American War did not diminish the receipts of the Grand Trunk—quite otherwise; for they rose from £882,353 in 1862, to £1,313,500 in 1867; and since the termination of the American War, the price of railway labour and material has gone down in the United States from 50 to 100 per cent., and it is fast resuming its normal condition. Mr. Hickson's estimate, £650,000 sterling for increased cost of wages and material since 1862, is a manifest exaggeration, and probably rests upon the same basis as the alleged "loss on the conversion of American currency." The Grand Trunk Railway Directors are entitled to charge as loss upon greenbacks any fall in their value of any sums after they came into the hands of the Company, and before they could convert them into gold, but not one cent beyond, for the following reasons:—If I, either now or at any period since the American War commenced, presented a greenback in payment for freight or passage on the Grand Trunk Railway, at any station in Canada, it would not be taken, except at the current rate of exchange. If I take a ticket, now, at Detroit for Toronto, the price is 7 dollars American currency, and 5 dollars Canadian (gold) currency. In contracting for through freight, the Managing Director does not care one straw whether the payment is American or Canadian (gold) currency, for he estimates three cents of the former as worth little more than two cents of the latter, and charges accordingly. In fact, the only payment in which the Company profess to receive American currency at par is that for through sleeping berths; but these they put up 50 per cent., so as to make them the same in gold as before for through passengers, *and an actual advance of 50 per cent. in gold to Canadian passengers.* We may truly exclaim, "*Oh, greenbacks! what deception and extortion is committed under your name!*" The Grand Trunk Railway cannot have lost what they never had; and when the Managing Director alleges that the Company during the last five years have lost £350,000 by the conversion of American currency, he either states that which is fallacious, or he admits that he has been charging all Canada for goods and passengers for the last five years from 50 to 160 per cent. more than he charged Americans; but he well knows that the Company received the greatest portion of that converted currency either directly or indirectly at a discount varying from 50 to 150 per cent. Let me put a distinct and specific case. In the table furnished in Captain Tyler's report, it is shown that during five years the Company received in American currency 14,781,845 dollars, and paid out 9,593,581 dollars, leaving a balance in the hands of the Company for conversion from time to time

of 5,188,263 dollars, the alleged loss upon converting which amounted to 1,508,885 dollars, thereby crediting the Company with every cent of American currency received under every condition. But the Managing Director receives from a passenger going from Detroit to Toronto 7 dollars in greenbacks, while the fare in Canadian currency is only 5 dollars, and he takes the additional 2 dollars in greenbacks, and debits the Company with a loss to that amount. The success which has attended the effort to palm this illusion off upon the Bond and Shareholders of the Grand Trunk Railway in England is incredible to the Railway Managers of the United States.

The Fenian raids of 1866 and the failure of the Commercial Bank last year may be fairly charged as having temporarily injured the trade and prosperity of Canada; but as they did not perceptibly diminish the gross receipts of the Company, they cannot be charged with increasing the working expenses, unless by the expenses incident to the maintenance of the volunteer force of the Company. The Manager of the Grand Trunk is said to govern Canada, and it is therefore right that the Bond and Shareholders should pay for the expense of defending their dominion.

It is alleged, as another reason of failure, that there have been several successive bad harvests in Canada. This was the alleged cause for years before the re-organisation in 1862; and, therefore, if there is any force in it, it may be said to be the normal state of Canada.

But it is neither to the American War, nor the enhanced price of labour and material, nor the termination of the Reciprocity Treaty, nor the loss in conversion of American currency, nor deficient harvests, nor Fenian raids, nor the failure of the Commercial, and Bank of Upper Canada, that the Grand Trunk Railway does not pay. The great house of Baring, Brothers, and Co. could not run for six years managed as the Grand Trunk Railway has been. The entire staff in Canada is demoralised through the loose manner in which the Company's affairs are conducted. The Managing Director is a Director or partner in other companies, who have, without competition, extensive dealings with the Grand Trunk. Take, for instance, the purchase and sale of stores, and first the question of rails. The Managing Director causes to be re-rolled from 10,000 to 12,000 tons of rails yearly with Messrs. Gzowski and Co., of Toronto, paying for so doing about 26 dollars or £5 7s. per ton. Now, old rails find a ready sale in any quantity in the United States at 23 dollars or £4 14s. per ton, thereby making the cost to the Grand Trunk Railway of all their re-rolled rails £10 1s. per ton. Now, they can buy new rails of the best quality of iron, sent from England, and delivered in Montreal, freight and insurance paid, at less than £7 10s. per ton—rails that will wear from five to ten years longer than their re-rolled rails. What are the reasons which cause this arrangement to be

continued even for another hour? The Managing Director takes several pages to show why wood costs more upon the Grand Trunk than upon the Great Western. I will give one illustration which I think will effectually dispose of his argument, and prove that were the contracts properly made and as strictly scrutinised as the Great Western, their fuel would cost no more. Practically, the purchase and sale of all stores except new rails are made by what is called the Purchasing Agent or General Storekeeper of the Grand Trunk Railway. Last year the Grand Trunk Railway purchased about 8,000 tons of coal, for which they paid 6 dollars 25 cents in gold, delivered in Toronto, but the quality is so inferior they cannot use it. The Great Western Railway of Canada bought the same quantity of the best quality of coal, for which they paid 5 dollars per ton in gold, delivered at Hamilton, although freight to the latter place for coal is always from ten to fifteen cents per ton more than to Toronto. The contractor who supplied the Grand Trunk Railway openly declares that he paid a commission of 1,200 dollars to one officer of the Company alone. This same contractor also bought large quantities of old iron from the Company at fully 20 per cent. below the market prices last year; and a strict inquiry into the weight paid for to the Grand Trunk, and the weight received for by the contractor in the United States, will disclose another leakage. The Managing Director talks about his advertising for public tenders for the supply and purchase of stores. I have read such advertisement, and at the same time read letters from his Purchasing Agent to the Contractor beforenamed, promising him the contracts notwithstanding.

The Managing Director goes into an elaborate statement to prove that the working expenses compare favourably with the Great Western of Canada, and that it is the cheapest worked Railway in Canada. It may be as to the quantity, but the quality of the working is at least 100 per cent. below the Great Western; worked it is no doubt successfully, so far as it affects the officers and staff of the Company in Canada, but so far as the Bond and Shareholders and public generally are concerned, they get the least satisfactory return of any line on this continent.

The President stated positively at the last half-yearly meeting that they were in negotiation with the Canadian Government for assistance, and appealed to the meeting not to discharge their negotiator—the Managing Director—in the midst of his mission; now on this news reaching Canada, a distinct question was put to the leader of the Government in the House of Commons at Ottawa, as to the truth of this assertion. Sir John McDonald, in reply, distinctly stated that the Government had not entered into any such negotiation, nor was it their intention to do so. Notwithstanding this positive denial the Directors again alleged these “vital negotiations” in their letter of the 16th of June, addressed to Messrs. Creak and Hartridge; as the Americans so graphically express it, “There is a nigger in the fence.”

But the feeling is so adverse in Canada to the present management of the Grand Trunk, that any Government which would venture to render assistance to them in their present state would not stand for a day after the meeting of Parliament; but in justice to the people of Canada I believe that under proper and efficient management such reasonable aid would be given as would place the line in a condition to work the traffic on remunerative terms.

The Directors in the same letter express the earnest hope that the contemplated meeting called by Messrs. Creak and Hartridge "will have the goodness to point out specifically anything, either as regards the present or the future, which are considered wrong or undesirable in the conduct of the undertaking." From information which came to my knowledge in February last, and subsequently confirmed by gentlemen of undoubted veracity, and the inspection of certain correspondence, I, on the 20th of May last, went to Montreal for the purpose of communicating to Mr. Brydges personally some of the most important facts conveyed in this letter, and after doing so I was asked to repeat them in the presence of Mr. Hickson, which I consented to do, although Mr. Brydges threatened me that the Storekeeper should commence an action against me, so as to compel me to prove my statement. I was then requested by Messrs. Brydges and Hickson to put my communication in writing, and I did so. Mr. Brydges, without seeking for any confirmation of my statement from gentlemen whose names I had given to him, at once telegraphed to Toronto for the Contractor alluded to in my letter, and within a few hours after that person arrived in Montreal, I was served with an action for 10,000 dollars damages for libel. In a letter to me of the 20th of May, Mr. Brydges stated that the subject should be thoroughly investigated, but up to Friday last Mr. Brydges had made no inquiry of those gentlemen who will confirm my statement; the Storekeeper is still in office, and the Contractor, who little more than twelve months ago was in very humble circumstances, now drives about in the city of Toronto, an acknowledged man of wealth, after only one year's dealings with the subordinate officers of the Grand Trunk Railway.

It has been proved to demonstration that the Grand Trunk Railway not only requires better management, but also an entire change in the working of the line. Experience in America has shown that the best managed Railways are those of such length only that the Manager can pass readily over all the main portions of his line in a single day. Take, for instance, what are called the Lake Shore Lines, which comprise the Buffalo and Erie, the Erie and Cleveland, and the Cleveland and Toledo, each about one hundred miles in length. They have three separate and distinct Boards, Managers, and Staff, yet all running in the strictest conjunction, and paying, on an average, a dividend of not less than 30 per cent. per annum on their cost; whilst the great New York Cen-

tral, which runs through an equally rich and populous country, pays but a small dividend. The Erie Railway, another great Company, pays no dividend, although the gross earnings of these two latter Companies are about £6,000,000 sterling a year. The Great Western of Canada is well managed, and pays; so is the little Northern Railway of Canada. The Port Hope and Stanley pays; nay, even the Welland, and London and Port Stanley lines manage to pay the interest on their bonds. The Michigan Central, the Michigan Southern, the Pittsburg and Fort Wayne, the Baltimore and Ohio, the Cleveland and Pittsburg, and the Pennsylvania Central, and a host of other lines of moderate dimensions in the United States, all pay well.

Now take the case of the Grand Trunk. The Manager cannot pass over the main portions of his line in less than five days. What interest can there be in common between the line from Quebec to River du Loup, and the line from Sarnia to Detroit, or between Montreal and Portland, and Buffalo and Goderich? One of the great defects of American Railways built with English capital, is that they cannot be placed under the personal supervision of a Board of Directors having a stake in the Company. But if Messrs. Molson and Ferrier had ever so large a stake in the Company, what do they know of the business between Toronto and Detroit, or between Buffalo and Goderich? In the case of the Grand Trunk the effect is doubly enhanced by the powers of the Board in London being delegated to a nominal Board in Montreal, with a Managing Director whose duties extend virtually from River du Loup on the St. Lawrence and Portland on the Atlantic, to Buffalo in the State of New York, Goderich on Lake Huron, and Detroit in the State of Michigan; but practically, as administered by him from Halifax in Nova Scotia, Boston in Massachusetts, and the City of New York to Chicago in the State of Illinois. If the Managing Director was the ablest man living, it would not be possible for him to administer such a large undertaking with efficiency; he is dependent upon his subordinates for almost everything; he has no local Director at the various cities to supervise, advise, or divide the responsibility with him. I could go to an indefinite length in illustration of the defects of such a system of management. The President says he divided the line into sections of some 200 miles, making the person appointed to each section responsible to the General Manager in Montreal. This has proved a failure. The proper system to pursue, and such as stands a fairer chance than any other of making the Grand Trunk Railway successful, will be to divide the line into three separate and distinct sections, the Montreal section comprising all the lines south and east of Montreal; the Toronto section comprising the line from Montreal to Toronto; the Detroit section comprising all the lines between Toronto and Detroit; appoint to each a separate and

independent Manager, who shall reside at Montreal, Toronto, and Detroit respectively, and responsible only to the Board of Directors. Appoint the Board of Directors from each section, composed of the real business men of the country, but as little connected with politics as possible; plenty of such men are to be found. Buy everything the Company possibly can by public tender, to be sent in by a specified day, and let the name of the tender accepted, with the price, be advertised in the public press immediately. In selling old stores, such as rails, scrap iron and steel, take the same course, and especially take care that these old stores are properly collected, assorted and weighed, and placed upon the Company's wharves, where they can be easily shipped. The Company has suffered heavily from the want of such regulations. Don't re-roll another rail nor buy another locomotive in America; sell off a large number of the old locomotives, which cost more than they are worth to keep in repair, and are only retained to keep up the number, so that they may not be charged to revenue. Don't touch the "peat fuel;" it's a vapory illusion, and when they tell you that the engines must have copper fire-boxes to enable them to burn coal, it's an untruth, and made for the purpose of perpetuating some jobbing wood contract. The Pennsylvania Central, the Pittsburg and Fort Wayne, the Cleveland and Pittsburg, and Atlantic and Great Western, and numerous others, burn coal almost entirely, and yet they never had a copper fire-box. One ton of really pure Briar Hill coal is equal to two cords of the best hard wood. The price of the former is 4 dollars 75 cents delivered in Toronto, as compared with more than 6 dollars for the latter. Coal is coming down, and I have no doubt the best Briar Hill will next year be sold in Toronto at 4 dollars 25 cents per ton. Look steadily into the oil question—it is a most dangerous article in Railway management. The Superintendent of the Atlantic and Great Western Railway reduced this amount on his line last year from 10,000 dollars a month to 4,000 dollars. Mr. Vanderbilt has established a system of only granting "annual free passes," and those only to the officers of other Companies with whom his Company exchanges traffic. Purchase no royalties to use patents—hundreds of thousands of dollars have been thrown away in this manner. Disband the volunteer corps—it costs the Company, directly and indirectly, £10,000 a year. Pay no commission to Ticket Agents in the cities where there are the Company's salaried officers—the Company have been fleeced terribly by the existing system. And, above all, abolish the office of Managing Director, and sell the state car, and let the Directors and Managers be taught to feel as others feel when they travel over the Grand Trunk Railway.

In conclusion I think I have fairly proved that the management of the passenger and goods traffic is utterly inefficient; that the through

traffic is either carried at an enormous loss or the alleged loss upon the conversion of American currency is almost altogether fallacious; that to duplicate the Blue Line of the Great Western between Detroit and Buffalo would be madness in the interest of the Grand Trunk. That the inspection and report of Captain Tyler is not worthy of a moment's serious consideration. That neither the American War nor the termination of the Reciprocity Treaty has had any serious injurious effect on the Grand Trunk Railway, and that the enhanced price of labour and material is monstrously exaggerated, that the Fenian raids and failure of the banks only created a slight temporary depression. That the Company have been wilfully throwing away £30,000 a year by re-rolling rails in Canada for the benefit of interested parties. That the Company have been paying 20 per cent. more for coal than the Great Western, and for the same reasons, probably paying nearly that much more for wood. That the old stores have been sold much below their value. That the working of the line requires remodelling, and in any plan for so doing, it is advisable that no vague prospect of future advantage should induce the Company to carry traffic which does not honestly leave a profit over and above the working expenses. By adopting some such course as I have briefly indicated, the Grand Trunk Railway can not only be made to pay a moderate rate of interest to the bondholders, but confer honour upon the management, as it has long conferred manifest benefits on the people of Canada.

JOSEPH NELSON.

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